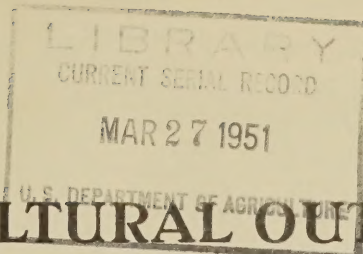


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The AGRICULTURAL OUTLOOK DIGEST

BUREAU OF AGRICULTURAL ECONOMICS, U. S. D. A.

WASHINGTON, D. C.

BAE

FEBRUARY 1951

Consumers stepped up their rate of buying sharply in the last two months.

The spurt in consumer purchases was similar to the buying wave last summer after the Korean war broke out. Purchasing by business also has been heavy and inventory holdings have increased sharply.

Rising incomes and the prospect for reductions in civilian supplies later in the year are the main reasons for the increased demand.

Supplies of farm and industrial products in consumer markets remain large. Our factories are producing large quantities of goods for civilians though production for defense is going up rapidly. Supplies of food per person this year are expected to be a little larger than last.

With demand expanding, wholesale prices generally continued to rise in the first two weeks of February; then leveled off.

Late in February, the BLS index was 1.6 percent higher than just before the General Ceiling Price Regulation was announced and 16 percent above late June. Sharpest gains since June were registered by textile products (33 percent), chemicals and allied products (30 percent), farm products (22 percent), and foods (16 percent).

Prices received by farmers rose 4 percent from mid-January to mid-February. The gain pushed the index 2 percent above the previous record of January 1948.

Wool prices set another new record in mid-February when they rose to \$1.09 per pound, 11 percent higher than a month earlier. All of the meat animals advanced with the gain for the group averaging 9 percent. Both food grains and fruit were up 6 percent. Advances made by other major commodity groups were smaller.

Prices paid by farmers including interest, taxes and wage rates gained 1 percent in the last month to set another new record. With prices received advancing more than prices paid, the parity ratio rose to 113, the highest since July 1948.

Exports of farm products in 1950 were valued at \$2.9 billion, a fifth less than in 1949 and more than a fourth less than the 1947 record. The physical volume of agricultural exports was down about 17 percent. Food made up slightly less than half of total exports in 1950 compared with four-fifths in 1947. The value of nonfood exports, mostly cotton and tobacco, has increased the last four years.

FARM INCOME Farmers sold about 4.4 billion dollars worth of farm products in the first 2 months of 1951. This was about 15 percent higher than cash receipts the same period of 1950. The gain was due to higher prices since the volume sold was down.

The net income realized by farm operators in 1950 was the lowest of the postwar period, according to preliminary estimates. The total of \$13 billion was down 8 percent from 1949 and 27 percent below the 1947 peak.

Gross income of farmers, which includes cash receipts from sales, rental value of the farm dwelling, government payments and home consumption of farm products, amounted to \$32.1 billion last year, only slightly less than in 1949. However, production expenses were up to a record \$19.1 billion, 6 percent above 1949.

LIVESTOCK AND MEAT More meat and milk animals and fewer work animals and poultry were counted in BAE's annual livestock inventory of January 1.

The cattle and calf population on January 1 totaled 84.2 million head, 5 percent more than a year earlier and only 2 percent less than the 1945 record. Stock sheep were up 4 percent from the 1950 low, the first gain since 1941. Hogs were up 7 percent, milk cows, heifers, and heifer calves almost 2 percent. The goat population increased for the first time since 1945.

On the downside, the number of farm chickens, excluding commercial broilers, was off 3 percent from a year earlier. Turkeys declined slightly. Horses dropped 10 percent and mules 7 percent. The 1950 colt crop was too small to maintain numbers at 1950 levels.

The January 1 inventory probably means more meat in 1951 and later years, if feed supplies are adequate. Important to the long-run prospect is the fact that numbers of breeding stock, especially young animals, increased more than other kinds of livestock.

DAIRY PRODUCTS Milk and butterfat prices received by farmers are likely to remain fairly stable in the next few months, even though milk production will be increasing seasonally. But in the second half of 1951, upward price pressures will increase as milk production declines seasonally and consumer demand strengthens with the expected rise in income.

In recent months, milk production has been running a little below the 1950 rate, and an increase is unlikely. Even though milk and butterfat prices have gone up considerably, the milk-feed price ratio was only about average in February while the butterfat-feed price ratio was below average. Furthermore, prices of milk and butterfat are unusually low in relation to prices of beef cattle and hogs.

POULTRY AND EGGS Egg prices received by farmers have gone down seasonally since December but in February averaged 11.8 cents above a year earlier. Strong demand this spring is likely to keep egg prices higher than a year ago.

FATS AND OILS Prices of fats and oils have moved a little higher. The index of wholesale prices of 26 major fats and oils in February was 4 percent higher than in January, 71 percent higher than a year ago.

FEEDS The advance in feed prices from mid-January to mid-February was slower than in recent months. In the last half of February, market prices of most feed grains declined.

Corn will be supported at 90 percent of the parity price next October 1 but not less than a National average of \$1.54 per bushel. The support price for 1951 crop oats will be 72 cents per bushel, for grain sorghums \$1.88 per 100 lb., and for barley, \$1.11 per bushel.

WHEAT Exports of wheat for the 1950-51 season are expected to total 275 million bushels, 24 million less than last season. The record was 503 million bushels in 1948-49. Farmers' prices for wheat in mid-February averaged \$2.21 per bushel, 22 cents above the loan level but 15 cents below parity.

FRUIT Slightly higher prices for oranges and grapefruit are likely in March and April. More oranges were available for marketing in mid-February than a year earlier but demand for processing and fresh use is stronger. Severe freeze damage to the Texas grapefruit crop is a factor in the outlook.

VEGETABLES Supplies of many of the principal vegetable crops have been very short this winter. Acreage reports indicate supplies probably will continue relatively short well into spring.

USDA acreage guides call for an increase of 22 percent over 1950 for 9 of the vegetable crops for commercial processing. Biggest increases are 40 percent for corn and 35 percent for tomatoes.

A considerable reduction from a year ago in the acreage of intermediate and late potatoes points to a smaller surplus than last year.

COTTON Consumption of cotton by domestic mills from August 1 through February 3 totaled 5,445,299 bales compared with 4,333,046 in the same part of last season. Planting guides announced by USDA call for 28,400,000 acres of upland cotton and 135,000 acres of American Egyptian. Acreages last year were 18,551,000 and 103,500. The loan rate on 1951 upland cotton is expected to average above 30 cents a pound.

WOOL Shorn and pulled wool production this year is expected to amount to 260 million pounds, grease basis. This is only a little more than last year but about 43 percent less than the 1942 record. Consumption of apparel wool by U. S. mills totaled 429 million pounds, scoured basis, in 1950, over a fourth more than in 1949. The record is 610 million pounds in 1946.

TOBACCO With acreage allotments higher this year than last, acreages of the major cigarette types of tobacco will be larger. Support prices for 1951 tobacco will be higher than for 1950 crops.

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